

Message Text

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ORIGIN EUR-12

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FM SECSTATE WASHDC
TO AMEMBASSY BERN

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E.O. 11652: GDS

TAGS: AMGT, PFOR, SZ, UN

SUBJECT:SWITZERLAND GOALS IMPLEMENTATION INTERAGENCY
MEETING

REF: (A) BERN 1483; (B) STATE 80065; (C) BERN 852;
(D) BERN 733

BEGIN SUMMARY: THE APRIL 6 SWITZERLAND INTERAGENCY MEETING
RESULTED IN A BROAD RANGE REVIEW OF THE CONDENSED GOALS
IMPLEMENTATION STATEMENT. PARTICIPANTS ENDORSED QUIET US
SUPPORT FOR SWISS UN MEMBERSHIP AND INCREASED SWISS
DEVELOPMENTAL ASSISTANCE PROGRAMS. CAUTION WAS URGED BOTH
IN EFFORTS TO CONFRONT SWISS RESTRICTIONS TO US AGENCY
INVESTIGATIONS AND IN REACTION TO THE REF C SUGGESTION
THAT INCREASED OVERFLIGHTS BE LINKED TO RELAXATION OF US
NON-PROLIFERATION EFFORTS. STATE OF THE OFFSET AGREEMENT
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AND THE EMBASSY'S EXPANDED TRADE PROMOTION EFFORT WERE
REVIEWED. END SUMMARY.

1. SESSION WAS CHAIRED BY EUR DEPUTY ASSISTANT SECRETARY
GOODBY AND ATTENDED BY DOC, DOD, ICA, DEPUTY ASSISTANT
SECRETARY VINE AND OTHER STATE OFFICERS. WHILE TREASURY
WAS NOT REPRESENTED, IT PROVIDED PRELIMINARY COMMENTS.
AFTER BACKGROUND EXPLANATION OF THE GOALS/OBJECTIVES

EXERCISE, WHICH IS ASSUMING THE ROLE PREVIOUSLY HELD BY

POLICY GUIDANCE DIRECTIVES, GOODBY PROPOSED THAT DISCUSSANTS REVIEW THE PRESENT IMPLEMENTATION STATEMENTS AS WELL AS SUBMITTED REVISIONS.

2. IO EXPRESSED SUPPORT FOR THE UN STATEMENT, STRESSING THAT ANY REASONS PREVIOUSLY GIVEN FOR KEEPING SWITZERLAND OUT OF THE WORLD ASSEMBLY HAD DISAPPEARED, AND MEMBERSHIP WAS A GOAL THAT NOW MERITED PRIORITY ATTENTION, PARTICULARLY IN VIEW OF THE SWISS GOVT. INCLINATION TO PURSUE IT. IT WAS, HOWEVER, THE CONSENSUS THAT THE EMBASSY SHOULD NOT PUSH TOO HARD PUBLICLY, FOR THE SUREST WAY TO PREVENT THE INDEPENDENT SWISS PUBLIC FROM APPROVING UN MEMBERSHIP WOULD BE FOR THE US ACTIVELY TO LOBBY FOR IT.

3. CONSIDERABLE DISCUSSION FOCUSED ON A FRONT-PAGE WALL STREET JOURNAL ARTICLE THAT DAY REGARDING THE SEABROOK FRAUD CASE, AND THE IMPORTANCE OF NOT VIOLATING THE STRICT CONFIDENTIALITY OF DOCUMENTS PRIVATELY RELEASED TO THE US BY SWISS AUTHORITIES. THIS LED TO DISCUSSION OF THE IMPLICATIONS OF "LEGITIMATE REQUIREMENTS" AS PRESENTED IN THE IMPLEMENTATION STATEMENT CONCERNING THE SEC AND SWISS BANK SECRECY. IT WAS AGREED IT WOULD BE HELPFUL TO PURSUE WITH THE SWISS A POSSIBLE MECHANISM JOINTLY TO INVESTIGATE
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BLATANTLY CRIMINAL FINANCIAL ACTIVITY. WE CANNOT, HOWEVER EXPECT SWISS COOPERATION ON "FISHING EXPEDITIONS". NOTE WAS TAKEN OF SUCH EFFORTS TO IMPROVE MUTUAL UNDERSTANDING AS THE IMPENDING VISIT TO SWITZERLAND OF SEC COMMISSIONER POLLACK. IT WAS AGREED THAT THIS IMPLEMENTATION STATEMENT NEEDED TO BE ENLARGED AND REVISED.

4. IN DISCUSSING THE IMPLEMENTATION STATEMENT CONCERNING THE COMPTROLLER OF THE CURRENCY, THE GROUP WELCOMED FAVORABLE REPORTS RESULTING FROM HIS RECENT TRIP TO SWITZERLAND.

5. IN REVIEWING BACKGROUND AND PROGRESS ON THE SWISS OFFSET AGREEMENT, DOD REPRESENTATIVES EVIDENCED SATISFACTION WITH THE PRESENT ACHIEVED TOTAL, ABOUT 43 MILLION DOLLARS, ALTHOUGH THE SWISS ARMAMENTS CHIEF HAS EXPRESSED A DESIRE TO REGISTER FOR 1978 A TOTAL OF 55 MILLION. WHILE THE SWISS DESIRE APPEARS UNREALISTIC, DOD HAS AGREED TO PREPARE A GAME PLAN, INTER ALIA, PRESSURING BOTH NORTHRUP AND GENERAL ELECTRIC TO INCREASE EFFORTS. BUY AMERICAN LEGISLATIVE RESTRICTIONS CONTINUE TO CAUSE PROBLEMS. DOD WILL ATTEMPT TO MEET THE EMBASSY BERN REQUEST TO BE ALERTED TO AWARD ANNOUNCEMENTS. DOD REPRESENTATIVES ALSO AGREED IT WOULD BE ADVISABLE TO KEEP TAB WHEN SWISS FIRMS

PASSED UP BID POSSIBILITIES, SO AS LATER TO BE ABLE TO COUNTER SWISS COMPLAINTS OF INSUFFICIENT OPPORTUNITIES.

IT WAS POINTED OUT THAT DOD IS FACED WITH OTHER OFFSET AGREEMENTS. DOD PREFERRED THAT ANY FUTURE F5E ARRANGEMENTS WITH THE SWISS AVOID FURTHER OFFSET COMMITMENT. THERE WAS A POSSIBILITY THAT PERHAPS ANOTHER 7 MILLION DOLLARS WOULD BE RECORDED BEFORE THE NEXT ACCOUNTING MEETING DUE TO BE HELD IN ZURICH IN JUNE. DOD REPS EXPRESSED APPRECIATION TO THOSE OTHER AGENCIES, ESPECIALLY STATE, THAT HAVE ASSISTED IN THIS PROGRAM.

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6. THE GROUP FELT THE LANGUAGE OF THE IMPLEMENTATION GOAL CONCERNING ARMS SALES NEEDED TO BE EXPANDED. EVEN THOUGH THE SWISS HAVE A TENDENCY TO SPREAD SUCH PURCHASES, THE VISIT TO WASHINGTON LAST DECEMBER BY THE SWISS ARMAMENTS CHIEF HAD REVEALED GROWING SWISS CONCERN THAT THEIR LEGITIMATE MILITARY PURCHASE NEEDS IN THE US WOULD NOT BE MET. THE GROUP APPRECIATED THE IMPORTANCE OF THE SWISS, LIKE THE SWEDISH, POLICY OF ARMED NEUTRALITY, AS THIS HAD THE PRACTICAL EFFECT OF DENYING TERRITORY TO HOSTILE FORCES.

7. THE GROUP AGREED THAT THE SEVERAL IMPLEMENTATION GOALS APPROPRIATELY REPRESENTED EMBASSY BERN'S EFFECTIVE TRADE PROMOTION EFFORTS AND THE EMBASSY'S SEPARATE COUNTRY COMMERCIAL PROGRAM. THE TREASURY REQUEST TO DROP THE CLAUSE LINKING TRAVEL PROMOTION TO THE EXCHANGE RATE WAS ADOPTED. SOME ATTENTION WAS ACCORDED THE QUESTION TO WHAT EXTENT THE EMBASSY SHOULD ENCOURAGE REVERSE INVESTMENT, TECHNICALLY NOT A CLEAR-CUT US POLICY. ONE PARTICIPANT NOTED THE DISTINCTION BETWEEN POLICY AND PROGRAM ARGUED THE JOB CREATION VALUE OF AIDING US INVESTMENT FROM ABROAD, AND STRESSED THAT SUCH EFFORTS ARE WORTH EVERY FACILITATIVE ASSISTANCE.

8. AS AN ADJUNCT TO THE GOAL IMPLEMENTATION STATEMENT CONCERNING AMBASSADOR MCDONALD AND THE MTN STAFF, IT WAS PROPOSED THAT FACILITATIVE ASSISTANCE FOR AMB. WARNKE AND HIS STAFF SHOULD ALSO BE RECORDED.

9. EMBASSY AND TREASURY ADDITIONS WHICH EXPANDED THE LANGUAGE ON EXPANDING INTERCHANGE OF VIEWS WITH THE SWISS WERE EXAMINED; IT WAS AGREED THESE SUGGESTIONS SHOULD BE COMBINED AND SUITABLY INCORPORATED IN PRESENT RELATED

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STATEMENTS.

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10. THE GROUP FELT IT UNUSUAL TO STRESS ASSISTANCE TO

AMERICAN EDUCATIONAL INSTITUTIONS IN SWITZERLAND, IN THAT THE ACADEMIC EXCELLENCE OF MANY OF THE PRIVATE SCHOOLS THERE IS UNEVEN. IT WAS THOUGHT ADVISABLE TO TABLE THAT SUGGESTION UNTIL WASHINGTON RECEIVED A CLEARER IDEA OF THE QUANTITY AND QUALITY INVOLVED, AS WELL AS THE DEGREE OF ACCREDITATION.

11. IN LIGHT OF THE POOR SWISS DEVELOPMENTAL ASSISTANCE RECORD, NEARLY THE WORST AMONG THE INDUSTRIALIZED NATIONS, THIS WAS AN AREA DEEMED WORTHY OF INCLUSION AS A GOAL.

12. IN CONCLUSION THE GROUP REVIEWED THE REF. C SUGGESTION THAT A TRADE-OFF LINK MIGHT BE ESTABLISHED BETWEEN INCREASED OVERFLIGHTS AND INCREASED LICENSING OPPORTUNITIES. SUCH A DEFENSE QUID PRO QUO WAS NOT CONSIDERED PRACTICAL. IT WAS FELT PREFERABLE TO MAINTAIN GOOD LIAISON WITH SWISS AIR AUTHORITIES SO THAT AN ADEQUATE NUMBER OF OVERFLIGHTS FOR HUMANITARIAN AND LOGISTICAL REASONS MIGHT BE JUSTIFIED. WHILE DISTINCTIVE FUEL SAVINGS WERE RECOGNIZED AS VALUABLE, YET THERE WAS SOME QUESTION WHETHER USAFE REQUIRED THE ADDITIONAL FLIGHTS. IT WAS RECALLED THIS WAS A SUBJECT THAT NOT TOO LONG AGO HAD CREATED SERIOUS BILATERAL PROBLEMS FOR THE US WITH THE SENSITIVE SWISS PUBLIC.

13. A REVISED IMPLEMENTATION STATEMENT WILL NOW BE PREPARED TO REFLECT THESE INTERAGENCY COMMENTS. CHRISTOPHER

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